

In the 2021-22 year, Colby balanced the positive benefits of bringing all students back to campus while providing a safe, in-person educational program with navigating the challenges of the ongoing cost of the pandemic and increased inflationary pressures. Another strong enrollment year, higher gifts, one-time federal funds, and fiscal discipline allowed the College to fund roughly \$6 million in health and safety program costs and still achieve positive financial results for the year.

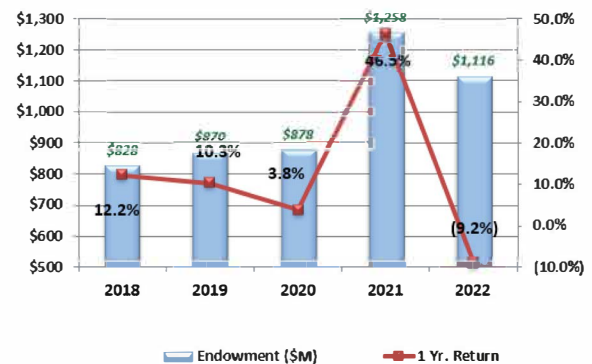
Highlights include:

- The College finished the 2021-22 fiscal year with an operating margin of \$16.7 million, a positive variance of \$6.1 million. This result was driven by a number of factors, notably higher student charge, FEMA grant revenues with savings on open positions, travel, and unused contingency.
- The endowment value, while decreasing \$136 million during the 2021-22 fiscal year, increased by almost \$341 million between 2017-18 and 2021-22
- Contributions from alumni, parents, corporations, foundations, and friends totaled \$79.9 million in 2021-22.
- Other deductions totaled \$16.4 million, including transfers to plant and a \$5.2 million addition to the strategic investment fund, resulting in a net operating margin of \$274,000.

### 1. Revenue and Expense Summary (\$000s)

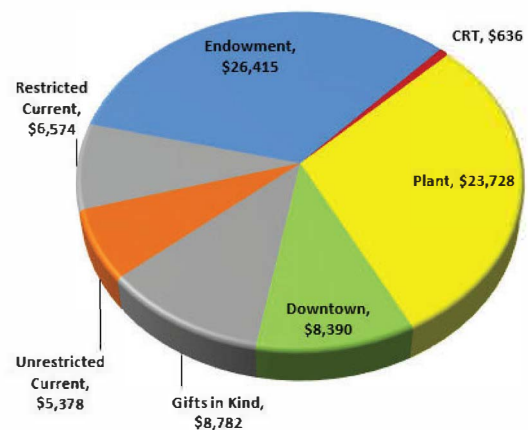
	<b>2021-22</b>
Revenues	\$244,831
Operating Expenses	\$228,123
<b>Operating margin before other deductions</b>	<b>\$16,708</b>
To Plant - capitalized items	\$703
To Plant - renovation allocation	\$10,547
From Perkins Loan	(\$35)
CARES Act	\$0
To Strategic Investment Fund	\$5,217
<b>Net margin</b>	<b>\$276</b>

### 2. June 30 Endowment Market Value and Return



### 3. Gifts Received (\$000s)

Total Gifts = \$79,903



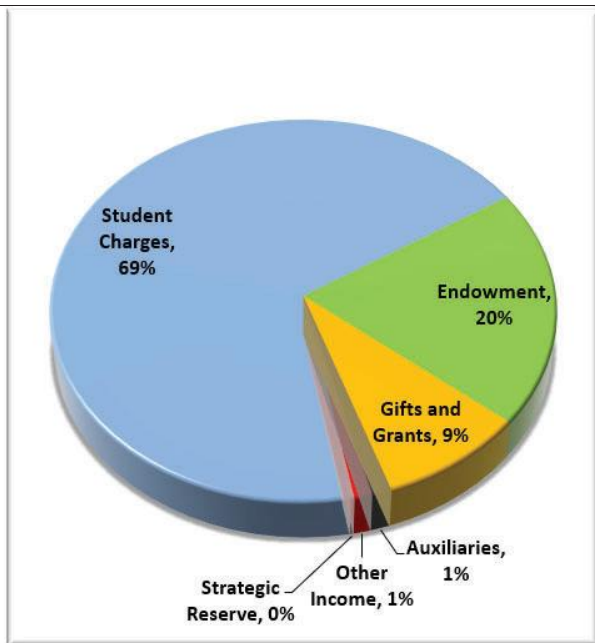
## Operating Budget

Colby’s fiscal 2022 budget was developed using budgeted enrollment of 2,100, a renovation allocation of 1.5 percent of estimated plant replacement value, and a \$1.8 million contingency.

Colby completed the year with \$244.8 million in operating revenues, \$228.1 million of operating expenses, and a \$16.7 million operating margin.

Student charge revenues of \$168.1 million—including the comprehensive fee and other charges—represented the largest source of income for the College, comprising 69 percent of total revenues. Endowment support for operations of \$48.9 million accounted for 20 percent of total revenues; gifts and grants of \$21.7 million, including \$6.4 million in FEMA revenue, added 9 percent; auxiliaries of \$2.9 million represented 1 percent; the strategic investment fund and other revenues contributed another 1 percent combined.

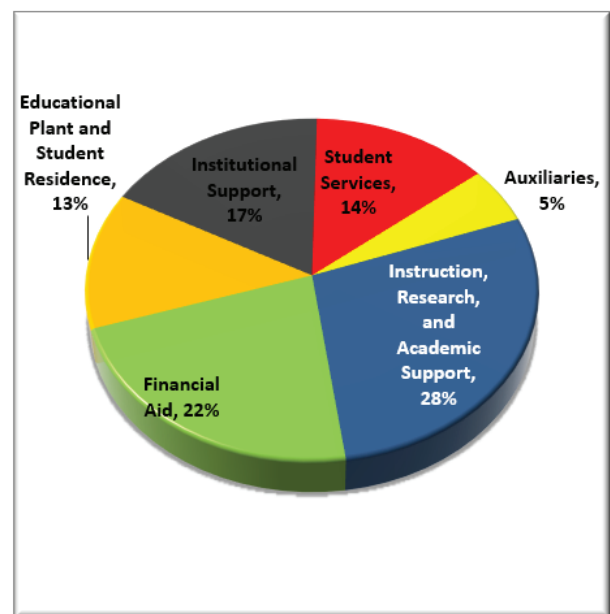
### 4. Revenues by Functional Category



Instruction, research, and academic support activities—the core of Colby’s educational mission—represented \$64.7 million, or about 28 percent of the total operating expense. Financial aid expense of \$50.7 million represented about 22 percent, including additional initiatives designed to support racial, geographic, and socio-economic diversity while at the

same time enhancing the academic strength of the entering class. Educational plant and student residence expenses totaled \$29.6 million, roughly 13 percent of total expenditures. Other major categories of expense were \$39.6 million (17 percent) for institutional support, including campaign expense; \$31.4 million (14 percent) for student services such as admissions, student affairs, athletics, and health services; and \$12.1 million (5 percent) associated with dining services, the bookstore, and special programs. COVID-related expenses totaled \$5.9 million last year and were expensed by functional area.

### 5. Expenses by Functional Category



### Variance Analysis

Total revenues of \$244.8 are \$9.9 million over budget. Significant positive variances include \$5.8 million higher comprehensive fee revenues, \$1.0 million higher gifts and grants with off-setting expenses and \$6.4 million in FEMA reimbursements for FY2021 and FY2022 COVID-related expenditures. Other revenues from the bookstore, dining cash sales, investments and other revenues were \$2.8 million higher than budget. Major negative variances include \$1.2 million lower off-campus, JanPlan and other student charges with partially off-setting expenses, \$.3 million lower endowment utilization and \$.5 million lower Special Programs revenue with partially off-setting expenses. The additional budget support of \$2.5 million from the strategic investment fund and the \$1.6 million from the endowment was not drawn.

Total expenses of \$228.1 are \$3.8 million above budget. Major negative variances include \$5.9 million in COVID-related expenses, and \$.9 in student services, student residence and dining relating to increased enrollment, \$3.5 in contracted services and legal fees, \$2.6 in additional expense relating to reunion and commencement, \$.7 million in additional debt service and \$.5 million in student health and property insurance and \$.5 in all other areas. Major positive variances include \$7 million in salary and benefits savings, \$1.4 million lower aid expense, \$.3 million lower off-campus expense with off-setting revenues, \$.5 in utility savings and \$1.5 million in travel savings throughout the college.

The operating margin before other deductions was \$6.0 million above budget. A transfer to plant of \$.5 million for equipment and a transfer of \$5.2 million to the strategic investment fund left an operating budget surplus of \$.3 million.

### Endowment

The endowment was negatively impacted by weak performance in the financial markets last year, resulting in a decline in value to \$1.116 billion at June 30, 2022.

Endowment utilized for operations, based on a 5.50 percent spending rate applied to the trailing five-year average value, totaled \$48.9 million. The budgeted draw direct campaign expense was not utilized last year. Gifts to endowment, including pledge payments, realized bequests, and new gifts, totaled \$26.4 million last year.

The endowment is invested in a sophisticated and diversified portfolio that seeks to achieve a long-term return of at least 6 percent real while also minimizing volatility.

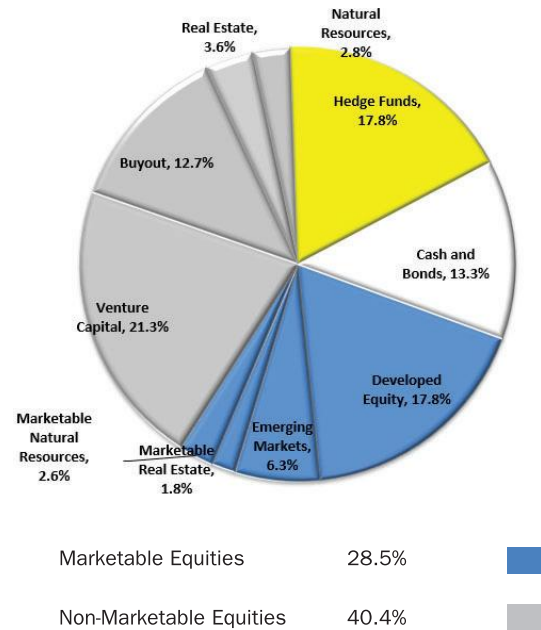
Investment return for 2021-22 was negative 9.2 percent, driven by particular weakness in public growth company valuations, while performing better than most public market benchmarks. Colby's 10-year compound investment return was 9.4 percent vs. a target of 8.6 percent (CPI + 6 percent).

The endowment is managed by a dedicated internal team of investment professionals with the support of a strong, engaged group of trustees serving on the Portfolio Investment Committee.

Colby has emphasized equity-based investments in managing the endowment, with a significant

commitment to alternative investments such as private equity, venture capital, real estate, and hedge funds. Alternative investments have provided above-market returns over the long term.

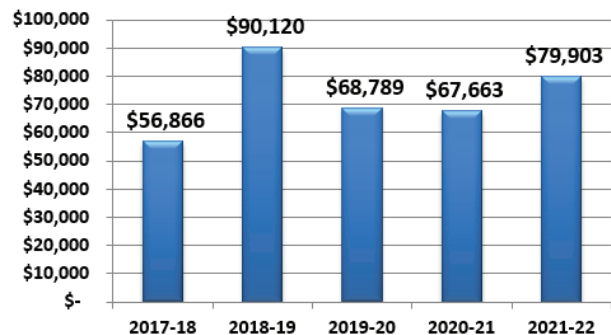
### 7. Asset Allocation at 6/30/2022



### Fundraising

Colby received \$79.9 million in gifts in 2021-22. Gifts included \$5.3 million of unrestricted gifts for operations and \$6.6 million in restricted gifts and grants. Gifts to endowment totaled \$26.4 million and gifts for construction were \$23.7 million. The College also received \$8.4 million in gifts for downtown Waterville initiatives and another \$8.8 million for gifts in kind.

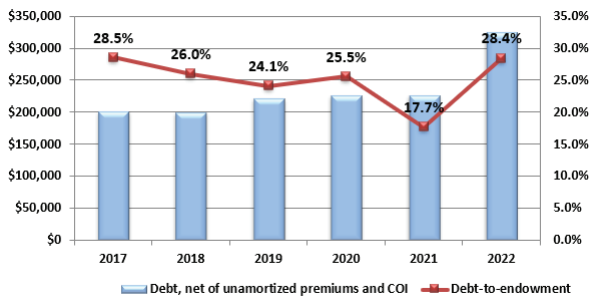
### 8. Five-Year Trend Gifts Received



## Debt

At June 30, 2022, Colby’s outstanding debt totaled \$325.6 million, resulting in a debt-to-endowment ratio of 29.2 percent at fiscal year-end close. All of Colby’s current debt is issued under its own credit rating at fixed rates. The College issued \$100.7 million of taxable debt in January 2022, taking advantage of low interest rates and deferred amortization to finance the Gordon Center for the Arts and student residence hall construction and, through the use of a “sinking fund” within the endowment, hold the operating budget neutral over the long term.

### 9. Debt and Debt-to-Endowment as of June 30



## Strategic Plan

The College continued implementation of key initiatives contained in the strategic plan approved in 2016 and affirmed by the board in 2019. The strategic plan creates a bold new vision for Colby with a strong commitment to the liberal arts featuring:

- Distinctive academic programs anchored to the world’s challenges.
- A set of universal experiences designed to engage students more deeply in their learning, enrich their education, and provide the broadest set of post-graduate opportunities.
- A campus culture supported and shaped by the arts and creativity, civic engagement, and a healthy, active and athletic lifestyle.

The plan includes major new investments to support the academic program, including new faculty and academic support positions, new academic programs including the Davis Institute for Artificial Intelligence, technology, and operating budget support. Faculty expansion has provided the opportunity to enhance curricular offerings while at the same time reduce the teaching load to 4.5 courses, releasing faculty to invest more time in teaching, scholarship, and advising.

Colby continues to support enrollment of a diverse student body, with increased funding for financial aid, including a new initiative that eliminates family contributions for families earning less than \$65,000 per year and limits contributions of families making \$150,000 or less to \$15,000.

The College has completed major facility projects, including new athletics fields, renovation and expansion of Grossman, the Bill and Joan Alford Main Street Commons, the Harold Alford Athletics and Recreation Center, the Lockwood Hotel, the Greene Block, and numerous campus infrastructure projects. And, importantly, construction continues on the Gordon Center for Creative and Performing Arts (Mayflower Hill), the Schupf Arts Center (Main Street) and the Johnson Pond Houses residence hall will be ready for occupancy this fall.

The strategic plan is supported by a \$750 million comprehensive fundraising campaign that is the largest campaign in the history of liberal arts colleges. Major new investments in advancement staffing and operating support have been made to support this effort. As of June 30, commitments to the campaign totaled \$680 million.

## Summary

Colby was able to safely provide students with a rich, in-person experience in the midst of a pandemic; continued to make progress on key academic, student service, and facility initiatives; and achieved strong financial results last year.

The global pandemic forced significant changes across higher education, changes that continue to play out this fall. In many ways, the College has emerged from this period stronger than ever with admissions applications, yield, enrollment, and endowment value at their highest levels ever.

Colby is in a position to make new investments in academic programs, financial aid, student life programs, and facilities, along with new faculty and staff positions. These investments will enhance both the student experience and the College’s market position.

With aspirational goals; thoughtful planning; focused execution; and continued philanthropic support from alumni, parents, and friends, Colby can realize this vision and position the College as a preeminent liberal arts institution.